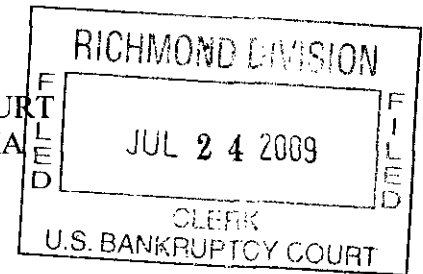


IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION



IN RE:

CIRCUIT CITY STORES, INC., *et al.*,

Debtors.

Chapter 11

Case No. 08-35653 (KRH)

Jointly Administered

**McCRACKEN COUNTY CLERK'S RESPONSE IN OPPOSITION TO
DEBTORS' TWENTY-FOURTH OMNIBUS OBJECTION (DOCUMENT 4017)
TO CREDITOR'S PRIORITY PROOF OF CLAIM (#3200)**

Comes now the McCracken County Clerk, a governmental office of the County of McCracken, Kentucky, by and through counsel, and for its response in opposition to the debtors' objection to its proof of claim, states as follows:

1. The debtors' seek the entry of an order disallowing the McCracken County Clerk's claim on the basis that the claim is a part of a group of claims submitted by local governments seeking priority status for alleged real property taxes on real estate leased but not owned by the debtors.

2. The proof of claim filed by the McCracken County Clerk does not proffer any claim for real estate taxes.

3. The claim of the McCracken County Clerk seeks priority status in the debtors' bankruptcy estate for the payment of 2008 tangible personal property taxes owed by the debtor based on the tax return filed with the McCracken County government on behalf of Circuit City Inc., store 3704. (A copy of the undersigned's proof of claim is attached hereto and is marked as *Exhibit A*.)

4. The McCracken County Clerk's 2008 tangible tax claim of \$10,859.68 can be divided into four components, to-wit:

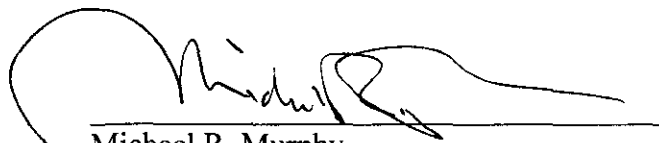
a) personal property tax of \$9,060.05 on **inventory** valued by the debtors' tax return at \$1,378,585. (A copy of the Clerk's 2008 tangible tax bill number 96377 is attached herewith and marked as *Exhibit B.*)

b) personal property tax of \$13.44 on **tangibles (supplies)** valued by the debtors' tax return at \$1,156. (A copy of the Clerk's 2008 tangible tax bill number 96378 is attached herewith and marked as *Exhibit C.*)

c) personal property tax of \$8.93 on **recycling machinery and equipment** valued by the debtors' tax return at \$1,984. (A copy of the Clerk's 2008 tangible tax bill number 96379 is attached herewith and marked as *Exhibit D.*), and

d) personal property tax of \$8.93 on **furniture, fixtures and equipment** valued by the debtors' tax return at \$152,856. (A copy of the Clerk's 2008 tangible tax bill number 96380 is attached herewith and marked as *Exhibit E.*)


WHEREFORE the McCracken County Clerk prays that that its claim be allowed and paid as a priority tax claim; that the debtors' objection to it be overruled and held for naught after notice and hearing.



Michael R. Murphy
Assistant County Attorney
301 South Sixth Street
Paducah, KY 42003
(270) 444-4709
Fax – (270) 444-4728
Email – mmurphy@co.mccracken.ky.us

VERIFICATION

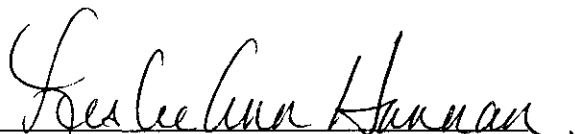
I Jeff Jerreld am the duly elected McCracken County Clerk. In my official capacity am responsible for the collection of certain state and local taxes from the citizenry of McCracken County, Kentucky. I have read the foregoing pleading and do state, under oath, that the facts stated herein are true and correct to the best of my knowledge and belief.


Jeff Jerreld, McCracken County Clerk

COMMONWEALTH OF KENTUCKY
COUNTY OF McCRACKEN

The foregoing was sworn to and verify by Jeff Jerreld before me, a Notary Public, on this the 21st day of July 2009.

My commission expires on 10-13-2011.


Notary Public, KY @ Large

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served upon those herein listed below by mailing the same to each named party by the United States postal service on the 22nd day of July 2009:

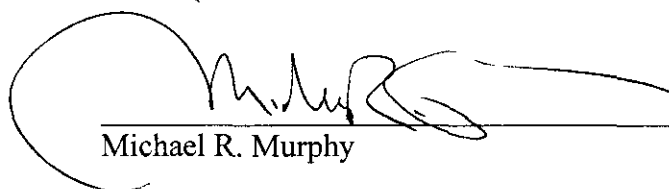
- 1) SKADDEN, ARPS, SLATE, MEAGHER & FLOM, LLP
One Rodney Square
P. O. Box 636
Wilmington, DE 19899-0636
Attn: Greg M. Galardi
Attn: Ian S. Fredericks

2) MCQUIREWOODS LLP

One James Center
901 E. Cary Street
Richmond, VA 23219
Attn: Dion W. Hayes
Attn: Douglas M. Foley

3) SKADDEN, ARPS, SLATE, MEAGHER FLOM, LLP

155 North Wacker Drive
Chicago, Illinois 60606
Attn: Chris L. Dickerson



Michael R. Murphy

B 10 (Official Form 10) (12/07)

UNITED STATES BANKRUPTCY COURT Eastern District of Virginia		PROOF OF CLAIM
Name of Debtor: Circuit City Stores, Inc.		Case Number: 08-35653
NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.		
Name of Creditor (the person or other entity to whom the debtor owes money or property): McCracken County Clerk		<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim. Court Claim Number: _____ (If known) Filed on: _____
Name and address where notices should be sent: Michael R. Murphy, Assistant County Attorney 301 South Sixth Street, Paducah, KY 42003		
Telephone number: (270) 444-4709		
Name and address where payment should be sent (if different from above): Telephone number:		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. <input type="checkbox"/> Check this box if you are the debtor or trustee in this case.
1. Amount of Claim as of Date Case Filed: \$ <u>10,859.68</u> If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4. If all or part of your claim is entitled to priority, complete item 5. <input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.		5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount. Specify the priority of the claim. <input type="checkbox"/> Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> Wages, salaries, or commissions (up to \$10,950*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier – 11 U.S.C. §507 (a)(4). <input type="checkbox"/> Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5). <input type="checkbox"/> Up to \$2,425* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. §507 (a)(7). <input checked="" type="checkbox"/> Taxes or penalties owed to governmental units – 11 U.S.C. §507 (a)(8). <input type="checkbox"/> Other – Specify applicable paragraph of 11 U.S.C. §507 (a)(____). Amount entitled to priority: \$ <u>10,859.68</u> <small>*Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.</small>
2. Basis for Claim: <u>Tangible property taxes</u> (See instruction #2 on reverse side.)		
3. Last four digits of any number by which creditor identifies debtor: <u>7501</u> 3a. Debtor may have scheduled account as: _____ (See instruction #3a on reverse side.)		
4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property and provide the requested information. Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe: Value of Property: \$ _____ Annual Interest Rate: _____ % Amount of arrearage and other charges as of time case filed included in secured claim, if any: \$ _____ Basis for perfection: _____ Amount of Secured Claim: \$ _____ Amount Unsecured: \$ _____		
6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. 7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See definition of "redacted" on reverse side.) DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain:		
Date: <u>01/06/2009</u> Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any. Michael R. Murphy, Assistant County Attorney, 301 South Sixth Street, Paducah, KY 42003		FOR COURT USE ONLY

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

B 10 (Official Form 10) (12/07) – Cont.

INSTRUCTIONS FOR PROOF OF CLAIM FORM

The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, there may be exceptions to these general rules.

Items to be completed in Proof of Claim form

Court, Name of Debtor, and Case Number:

Fill in the federal judicial district where the bankruptcy case was filed (for example, Central District of California), the bankruptcy debtor's name, and the bankruptcy case number. If the creditor received a notice of the case from the bankruptcy court, all of this information is located at the top of the notice.

Creditor's Name and Address:

Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

1. Amount of Claim as of Date Case Filed:

State the total amount owed to the creditor on the date of the Bankruptcy filing. Follow the instructions concerning whether to complete items 4 and 5. Check the box if interest or other charges are included in the claim.

2. Basis for Claim:

State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card.

3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:

State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

3a. Debtor May Have Scheduled Account As:

Use this space to report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

4. Secured Claim:

Check the appropriate box and provide the requested information if the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See DEFINITIONS, below.) State the type and the value of property that secures the claim, attach copies of lien

documentation, and state annual interest rate and the amount past due on the claim as of the date of the bankruptcy filing.

5. Amount of Claim Entitled to Priority Under 11 U.S.C. §507(a).

If any portion of your claim falls in one or more of the listed categories, check the appropriate box(es) and state the amount entitled to priority. (See DEFINITIONS, below.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

6. Credits:

An authorized signature on this proof of claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

7. Documents:

Attach to this proof of claim form redacted copies documenting the existence of the debt and of any lien securing the debt. You may also attach a summary. You must also attach copies of documents that evidence perfection of any security interest. You may also attach a summary. FRBP 3001(c) and (d). Do not send original documents, as attachments may be destroyed after scanning.

Date and Signature:

The person filing this proof of claim must sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2), authorizes courts to establish local rules specifying what constitutes a signature. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. Attach a complete copy of any power of attorney. Criminal penalties apply for making a false statement on a proof of claim.

DEFINITIONS

INFORMATION

Debtor

A debtor is the person, corporation, or other entity that has filed a bankruptcy case.

Creditor

A creditor is the person, corporation, or other entity owed a debt by the debtor on the date of the bankruptcy filing.

Claim

A claim is the creditor's right to receive payment on a debt that was owed by the debtor on the date of the bankruptcy filing. See 11 U.S.C. §101 (5). A claim may be secured or unsecured.

Proof of Claim

A proof of claim is a form used by the creditor to indicate the amount of the debt owed by the debtor on the date of the bankruptcy filing. The creditor must file the form with the clerk of the same bankruptcy court in which the bankruptcy case was filed.

Secured Claim Under 11 U.S.C. §506(a)

A secured claim is one backed by a lien on property of the debtor. The claim is secured so long as the creditor has the right to be paid from the property prior to other creditors. The amount of the secured claim cannot exceed the value of the property. Any amount owed to the creditor in excess of the value of the property is an unsecured claim. Examples of liens on property include a mortgage on real estate or a security interest in a car.

A lien may be voluntarily granted by a debtor or may be obtained through a court proceeding. In some states, a court judgment is a lien. A claim also may be secured if the creditor owes the debtor money (has a right to setoff).

Unsecured Claim

An unsecured claim is one that does not meet the requirements of a secured claim. A claim may be partly unsecured if the amount of the claim exceeds the value of the property on which the creditor has a lien.

Claim Entitled to Priority Under 11 U.S.C. §507(a)

Priority claims are certain categories of unsecured claims that are paid from the available money or property in a bankruptcy case before other unsecured claims.

Redacted

A document has been redacted when the person filing it has masked, edited out, or otherwise deleted, certain information. A creditor should redact and use only the last four digits of any social-security, individual's tax-identification, or financial-account number, all but the initials of a minor's name and only the year of any person's date of birth.

Evidence of Perfection

Evidence of perfection may include a mortgage, lien, certificate of title, financing statement, or other document showing that the lien has been filed or recorded.

Acknowledgment of Filing of Claim

To receive acknowledgment of your filing, you may either enclose a stamped self-addressed envelope and a copy of this proof of claim or you may access the court's PACER system (www.pacer.psc.uscourts.gov) for a small fee to view your filed proof of claim.

Offers to Purchase a Claim

Certain entities are in the business of purchasing claims for an amount less than the face value of the claims. One or more of these entities may contact the creditor and offer to purchase the claim. Some of the written communications from these entities may easily be confused with official court documentation or communications from the debtor. These entities do not represent the bankruptcy court or the debtor. The creditor has no obligation to sell its claim. However, if the creditor decides to sell its claim, any transfer of such claim is subject to FRBP 3001(e), any applicable provisions of the Bankruptcy Code (11 U.S.C. § 101 *et seq.*), and any applicable orders of the bankruptcy court.

Copy Of Bill

MCCRACKEN COUNTY SHERIFF
Jon Hayden
301 SOUTH 6TH STREET

PADUCAH KY 42003

Name: CIRCUIT CITY STORES INC 3704

Map Number: -

Property Address: -

Description:

TANG ONLY-3430 JAMES SANDERS BLVD

Acreage: 0

Deed Book / Page:

Tax Year: 2008

Bill Number: 5704

Account Number: 39237501

Homestead: NO

Rates			Assessed Value				State Tax				County Tax				School Tax				City Tax				Special Tax			
MEIN	0.050000		0.491000	1378585	689.29	0.00	6,768.85	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OT45	0.450000	0.110000	0.491000	1156	5.20	1.22	5.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RMCH	0.450000			1984	8.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
T45	0.450000	0.110000	0.491000	152856	687.85	161.26	750.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MHEALTH			0.009000	1532597																						137.93
COCOOP			0.015000	1532597																						229.89
HEALTH			0.024000	1532597																						367.83
LIBRARY			0.068200	1532597																						1045.23

Paid By
Paid By
Paid By
Paid After

11/15/2008 DISCOUNT \$10,642.49
12/31/2008 FACE \$10,859.68
1/31/2009 5 % PENALTY \$11,402.66
2/1/2009 21% pPENALTY \$13,140.21
Sheriff's Fee

Total Due: \$10,859.68

7/21/09

MCCRACKEN COUNTY

S2

MERCHANT'S INV.

TAX BILL INQUIRY

TAX DISTRICT	RATE	ASSESSMENT	TAX		ACCOUNT	BILL
					NUMBER	NUMBER
STATE	.05000	1,378,585	689.29	MCCRACKEN COUNTY		
SCHOOL	.49100	1,378,585	6,768.85			
HEALTH	.02400	1,378,585	330.86			
MENTAL HEALTH	.00900	1,378,585	124.07			
CO COOP EXT SERV	.01500	1,378,585	206.79			
PUBLIC LIBRARY	.06820	1,378,585	940.19	DIST.		
				9 392375-01		96377
				MAP NUMBER/DESCRIPTION		
				TANG ONLY-3430 JAMES		
				SANDERS BLVD		
				DEED BK.		PG.

JEFF JERRELL, COUNTY CLERK

2008 GROSS AMOUNT OF TAX----->

9,060.05

AMOUNT DUE:

CIRCUIT CITY STORES INC 3704

ATTN TAX DEPT

P O BOX 42304

RICHMOND VA 23242

TAX & PENALTY:

9,966.06

INTEREST:

299.13

OTHER CHARGES:

3,094.98

TOTAL DUE:

13,360.17

7/21/09

MCCRACKEN COUNTY

S2

OTHER .45

TAX BILL INQUIRY

TAX DISTRICT	RATE	ASSESSMENT	TAX		
STATE	.45000	1,156	5.20	MCCRACKEN COUNTY	
COUNTY	.10550	1,156	1.22		
SCHOOL	.49100	1,156	5.68		
HEALTH	.02400	1,156	.28	ACCOUNT	BILL
MENTAL HEALTH	.00900	1,156	.10	NUMBER	NUMBER
CO COOP EXT SERV	.01500	1,156	.17	DIST.	
PUBLIC LIBRARY	.06820	1,156	.79	9 392375-01	96378

MAP NUMBER/DESCRIPTION

TANG ONLY-3430 JAMES
SANDERS BLVD

DEED BK.

PG.

JEFF JERRELL, COUNTY CLERK

2008 GROSS AMOUNT OF TAX----->

13.44

AMOUNT DUE:

CIRCUIT CITY STORES INC 3704
ATTN TAX DEPT
P O BOX 42304
RICHMOND VA 23242

TAX & PENALTY:

14.78

INTEREST:

.45

OTHER CHARGES:

15.01

TOTAL DUE:

30.24

7/21/09

MCCRACKEN COUNTY

S2

RECYCLING MACH.

TAX BILL INQUIRY

TAX DISTRICT

RATE

ASSESSMENT

TAX

STATE

.45000

1,984

8.93

MCCRACKEN COUNTY

ACCOUNT
NUMBERBILL
NUMBER

DIST.

9 392375-01

96379

MAP NUMBER/DESCRIPTION

TANG ONLY-3430 JAMES
SANDERS BLVD

DEED BK.

PG.

JEFF JERRELL, COUNTY CLERK

2008 GROSS AMOUNT OF TAX----->

8.93

AMOUNT DUE:

TAX & PENALTY:

9.82

INTEREST:

.30

OTHER CHARGES:

13.47

TOTAL DUE:

23.59

CIRCUIT CITY STORES INC 3704

ATTN TAX DEPT

P O BOX 42304

RICHMOND VA 23242

7/21/09

MCCRACKEN COUNTY

S2

TANGIBLE .45

TAX BILL INQUIRY

TAX DISTRICT	RATE	ASSESSMENT	TAX	
STATE	.45000	152,856	687.85	MCCRACKEN COUNTY
COUNTY	.10550	152,856	161.26	
SCHOOL	.49100	152,856	750.52	
HEALTH	.02400	152,856	36.69	ACCOUNT BILL
MENTAL HEALTH	.00900	152,856	13.76	NUMBER NUMBER
CO COOP EXT SERV	.01500	152,856	22.93	DIST.
PUBLIC LIBRARY	.06820	152,856	104.25	9 392375-01 96380

MAP NUMBER/DESCRIPTION

TANG ONLY-3430 JAMES
SANDERS BLVD

DEED BK. PG.

JEFF JERRELL, COUNTY CLERK

2008 GROSS AMOUNT OF TAX-----> 1,777.26 AMOUNT DUE:

TAX & PENALTY:	1,954.99
INTEREST:	58.65
OTHER CHARGES:	614.53
TOTAL DUE:	2,628.17

CIRCUIT CITY STORES INC 3704
ATTN TAX DEPT
P O BOX 42304
RICHMOND VA 23242